

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Combined Balance Sheet**  
**As of 6/30/2005**

	As of <u>6-30-05</u>	As of <u>6-30-04</u>
<b>ASSETS:</b>		
<b>INVESTMENTS (AT MARKET)</b>		
DOMESTIC EQUITIES	\$ 1,458,148,767	\$ 1,408,965,677
INTERNATIONAL EQUITIES	751,581,435	619,279,473
DOMESTIC FIXED INCOME	1,627,107,621	1,392,735,177
INTERNATIONAL FIXED INCOME	144,258,400	128,573,435
REAL ESTATE POOL	216,275,745	171,657,037
VENTURE CAPITAL	123,797,307	119,537,408
INVESTED CASH (NOTE 1)	<u>68,245,056</u>	<u>105,239,583</u>
 TOTAL INVESTMENTS	 4,389,414,331	 3,945,987,790
 <b>RECEIVABLES</b>		
DIVIDEND/INTEREST RECEIVABLE	21,609,527	17,548,500
CONTRIBUTIONS/ASSESSMENTS REC	7,403,583	6,354,427
MISCELLANEOUS RECEIVABLES	<u>2,188</u>	<u>2,370</u>
 TOTAL RECEIVABLES	 29,015,298	 23,905,297
 <b>OTHER ASSETS</b>		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	579,343,979	467,673,428
OPERATING CASH (NOTE 3)	8,905,245	8,511,301
DUE FROM OTHER AGENCIES (NOTE 4)	89,903	144,636
FIXED ASSETS (NET) (NOTE 5)	<u>1,013,164</u>	<u>423,388</u>
 TOTAL ASSETS	 <u><u>\$ 5,007,781,920</u></u>	 <u><u>\$ 4,446,645,840</u></u>
 <b>LIABILITIES:</b>		
ACCOUNTS PAYABLE	3,464,962	2,975,624
ACCRUED EXPENSES	442,004	402,723
CAPITAL LEASE PAYABLE	9,550	12,945
SECURITIES LENDING COLLATERAL (NOTE 2)	579,343,979	467,673,428
DUE TO OTHER AGENCIES (NOTE 6)	<u>89,903</u>	<u>144,636</u>
 TOTAL LIABILITIES	 583,350,398	 471,209,356
 <b>NET ASSETS AVAILABLE:</b>		
NET ASSETS AVAILABLE BEGIN OF YEAR	3,975,436,484	3,478,716,828
CASH IN DURING YEAR (NOTE 7)	302,922,897	286,853,033
CASH OUT DURING YEAR (NOTE 8)	298,051,573	291,355,037
NET INCREASE (DECREASE)	<u>444,123,714</u>	<u>501,221,660</u>
 NET ASSETS AVAILABLE END OF PERIOD	 <u>4,424,431,522</u>	 <u>3,975,436,484</u>
 TOTAL LIABILITIES & NET ASSETS AVAILABLE	 <u><u>\$ 5,007,781,920</u></u>	 <u><u>\$ 4,446,645,840</u></u>

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Combined Profit and Loss Statement**  
**For the Month Ended 6/30/2005**

	Month Ended 6-30-05	Year-to-Date
ADDITIONS:		
INVESTMENT INCOME		
INTEREST/DIVIDEND INCOME	\$ 10,315,326	\$ 117,195,685
SECURITIES LENDING INCOME	1,469,963	10,882,785
	<u>11,785,289</u>	<u>128,078,470</u>
 GAIN ON SALE OF INVESTMENTS	 46,437,382	 443,405,543
LOSS ON SALE OF INVESTMENTS	<u>22,129,565</u>	<u>261,771,499</u>
 NET GAINS (LOSSES) INVESTMENTS	 24,307,817	 181,634,044
 INVESTMENT EXPENSES	 1,719,065	 14,124,555
SECURITIES LENDING EXPENSES	<u>1,332,011</u>	<u>9,758,763</u>
 NET INVESTMENT INCOME	 33,042,030	 285,829,196
 NET APPREC (DEPREC) MARKET VALUE	 31,902,373	 186,329,667
MISCELLANEOUS INCOME/(EXPENSE)	<u>(723,192)</u>	<u>(2,993,079)</u>
 TOTAL INVESTMENT INCOME	 64,221,211	 469,165,784
 CONTRIBUTIONS & ASSESSMENTS (NOTE 9)	 7,433,042	 60,776,915
PURCHASED SERVICE CREDIT (NOTE 10)	773,905	3,292,441
PENALTY & INTEREST (NOTE 11)	<u>1,055</u>	<u>3,525</u>
 TOTAL ADDITIONS	 <u>72,429,213</u>	 <u>533,238,665</u>
DEDUCTIONS:		
BENEFITS PAID PARTICIPANTS (NOTE 12)	7,323,878	84,125,369
PARTIAL LUMP SUM DISTRIBUTIONS PAID	231,708	372,761
REFUNDS TO MEMBER (NOTE 13)	<u>165,286</u>	<u>2,733,407</u>
 TOTAL BENEFITS PAID	 7,720,872	 87,231,537
 ADMINISTRATIVE EXPENSES		
SALARIES AND BENEFITS	82,761	906,336
OPERATING EXPENSES	<u>(338,959)</u>	<u>977,078</u>
 TOTAL ADMINISTRATIVE EXPENSES	 <u>(256,198)</u>	 <u>1,883,414</u>
 TOTAL DEDUCTIONS	 <u>7,464,674</u>	 <u>89,114,951</u>
 NET INCREASE (DECREASE)	 <u>\$ 64,964,539</u>	 <u>\$ 444,123,714</u>

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Notes to Combined Financial Statement**  
**June 30, 2005**

The following notes to financial statements are intended to provide general descriptions of line items in the financial statements.

NOTE 1            INVESTED CASH

Cash invested in the short-term investment fund (STIF/STEP) at The Northern Trust Company or a money market demand account at the Bank of North Dakota.

NOTE 2            SECURITIES LENDING COLLATERAL

Securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash open collateral is invested in a short term investment pool.

NOTE 3            OPERATING CASH

Money market and checking accounts at the Bank of North Dakota and RIO's operating account at the State Treasurer's Office.

NOTE 4            DUE FROM OTHER AGENCIES

Amounts paid in anticipation of the allocation of administrative expenses of RIO.

NOTE 5            FIXED ASSETS

Office furniture and equipment capitalized by RIO, shown net of depreciation. Depreciation is calculated straight-line, over five years.

NOTE 6            DUE TO OTHER AGENCIES

Amounts received from agencies in excess of amounts allocated for RIO administrative expenses.

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Notes to Combined Financial Statement**  
**6/30/2005**

NOTE 7            CASH IN DURING YEAR

Cash transferred into investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 8            CASH OUT DURING YEAR

Cash transferred out of investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 9            CONTRIBUTIONS & ASSESSMENTS

Assessments on teachers' salaries of 7.75 percent of salary plus a matching contribution paid by the employer unit, for a total contribution and assessment of 15.5 percent that must be remitted monthly.

NOTE 10          PURCHASED SERVICE CREDIT

Payments received on the purchase of service credit for TFFR as allowed by the North Dakota Century Code.

NOTE 11          PENALTY & INTEREST

Amounts charged to school districts for late payment or reporting of contributions and assessments.

NOTE 12          BENEFITS PAID TO PARTICIPANTS

Monthly annuity benefits paid to retired teachers on the first of each month.

NOTE 13          REFUND TO MEMBERS

Refunds of teachers' accounts who have ceased teaching in North Dakota.